

# The War On Drugs: Worst Comedown Ever?

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*Despite the infamous effects of the Prohibition of Alcoholic Beverages from 1920 to 1923, the world and in particular the United States has once again called for a complete prohibition or war on drugs. This paper presents a thorough examination of the economic implications of a drug-related prohibition and supply-side zero-tolerance policies. Yielding a comprehensive analysis conveying the obsolete nature of such a prohibition by considering funding and resource allocation, mortality of prohibition, the opportunities costs and subsequently the lack of achievements of prohibitions. Further, the paper goes onto discuss a variety of alternative strategies that countries such as Sweden and Portugal have enacted to combat this illicit industry.*

## Introduction

*Every time [a drug dealer] is killed, a harder and more vicious version of him emerges to fill the space provided by prohibition for a global criminal industry It is Darwinian evolution armed with a machine gun and a baggie of crack (Hari, 2015: 58).*

Ever since 1971, when Richard Nixon officially declared war on drugs, its effectiveness has been debated as well as compared to alternative policies such as treatment, rehabilitation and decriminalization. The aim of prohibition is to simply forbid drug use, due to its deleterious effects on society. However, economists argue that prohibition itself can have more damaging repercussions, such as, violence, crime, mortality and the futile allocation of valuable resources.

This essay examines the economic impacts of prohibition and supply-sided zero-tolerance policies, with a particular focus to the United States. In a global war, it is important to learn from the mistakes of others and to follow by example. As evidence demonstrates, the war on drugs has been an expensive and ineffective one. Crime and mortality are high unlike in countries that have adopted decriminalization. For example, Sweden and Portugal, which have benefitted from less HIV infections and new sources of tax revenue. In order to understand the economic significance of this war on drugs, one must first examine how and why the combat began.

## Early Prohibition

The Godfather From 1930 to 1962, Harry J. Anslinger held the title of Commissioner of The Federal Bureau of Narcotics (McWilliams, 1990). Under his tenure, narcotics were progressively criminalized. An underlying racism motivated him and he employed dramatic fear mongering to gain support: Harry had tapped into the deepest fears of his time (Hari, 2015: 43). According to Anslinger, the blacks, Mexican and Chinese were using these chemicals, forgetting their place, and menacing white people. He went further in his use of propaganda to frighten the public. He fabricated sensational myths and false accounts about drug use. For example, he said that marijuana could cause people to fly into a delirious rage and commit violent crimes, such as rape and murder (McWilliams, 1990: 70).

Despite the race panics, fear mongering and criminalization, the drug market grew. Gangsters, such as Arnold Rothstein, identified large potential in dealing. Control of the market was now theirs after Anslinger's bureau shut down heroin clinics across the United States (Hari, 2015). Due to the fact that protection was not provided by the state, drug lords had no choice but to resort to extreme violence in order to protect their product and their power: you have to feed or you will be food (Hari, 2015: 63). Rothstein's success and power is best observed in monetary values. His wealth reportedly amounted to \$125 million in 2016 Dollars (Pietrusza, 2011).

Anslinger's solution to the drug problem was to crack-down with longer prison sentences and exceptionally harsh penalties (McWilliams, 1991). His most significant movement in the drug war was drafting the Marijuana Tax Act of 1937 which imposed penalties and regulations on the sale of marijuana for medicinal purposes (DiFonzo & Stern, 2015). This effort earned Anslinger the prestigious title of The Godfather of Marijuana Prohibition. Just as drug dealers over-fill their predecessor's shoes, Anslinger's loafers were bursting at the seams with a long line of even more powerful prohibitionists.

## Supply Sided US Drug Policy

President Nixon was the first to coin the phrase war on drugs, referring to law enforcement directed against illegal recreational drug use (Bullington & Block, 1990). During his presidency he launched drug interdiction operations in Mexico in order to encourage the regulation of cannabis farming there. The border was closed in an expensive process that cost the U.S. hundreds of millions of dollars as well as all trade with Mexico. As a result, the flow of marijuana

ceased, however, Nixon was completely unsuccessful as Colombia quickly took over as America's new marijuana supplier (Rosenberger, 1996). The huge amount of money and effort spent on this operation simply resulted in a re-structuring or re-routing of the drug trade.

There is a lesson to be learned here that as long as demand exists, so will supply. However, history continued to repeat itself. In just the first term of Ronald Reagan's presidency, funding for interdiction and eradication schemes reached US\$1.4 billion. While annual average funding for rehabilitation, prevention and education initiatives declined by US\$24 million (Rosenberger, 1996). Bill Clinton continued with the Republican's supply sided policy: in the 1995 budget, funding for rehabilitative strategies and treatment programmes was only US\$2.5 billion compared to US\$7.8 billion on drug law enforcement (Rosenberger 1996).

Evidently, the prevailing mind-set of U.S. administrations during this period was a temperance view of addiction which suggested that the drug dealer was the source of the problem and that the drug itself is the only ingredient in addiction. In actuality, chemical hooks are only a minor part of addiction, according to Hari (2015), only 20% of individuals who try crack will become addicted in their life time. Instead of adopting a disease concept view in which addiction is a result of circumstantial factors, addicts were heavily fined and incarcerated. Instead of supporting recovery and integration into society, addicts were perceived as morally defective.

## **An Exorbitant War**

### **Funding and Resource Allocation**

Programmes and initiatives of interdiction and eradication have been costly and ineffective. Plan Colombia was an initiative signed into law in the U.S in 2000 by President Clinton, aimed at eradicating coca cultivation and reducing the supply of cocaine (Franz, 2016). Mejia and Restrepo (2015) found that this eradication policy, and all others like it, had limited effects on the supply of cocaine because markets adjust by increasing land productivity. In the five years following Plan Colombia's initiation, yields per hectare had increased by 40%. As a result, retail and wholesale markets in U.S. remained completely unaffected (Mejia and Restrepo, 2015). The model devised by Mejia and Restrepo estimates that the marginal cost to the U.S. of reducing the quantity of cocaine transacted in retail markets by just 1 kg, is about \$940,360 for eradication initiatives and about US\$175,273 for interdiction strategies, such as, that of Plan Colombia. This is exceptionally disquieting when compared to the cost of reducing consumption

by one kilogram using rehabilitation policies, which amounts to just US\$8,250 per annum (Reuter, 2001).

Similar to interdiction schemes such as Plan Colombia, the punitive drug laws and zero tolerance policies initiated by President Clinton, were also costly and essentially ineffective. 75% of the drug law offences in 1995 were solely for drug use (Nadelmann, 1991) and in 1996, 59.6% of prisoners were drug related criminals (Miller, 1996). Convictions in this period consisted primarily of low-level marijuana offenses, costing the U.S. roughly \$4 billion per annum on just minor misdemeanours (King and Mauer, 2006). The result of the crackdown on drug users and increase in punitive measures, contributed to prison over-crowding. And for the first time in Americas history, state spending on prison construction (\$2.6 billion) surpassed spending on university construction (\$2.5 billion) in 1995 (Ahn-Redding, 2010). By 2002, the domestic law enforcement component of the federal drug control budget was \$9.5 billion, resulting in a total increase of \$4.9 billion since 1991 (King and Mauer, 2006). The allocation of valuable resources under these policies is questionable, especially due to the unintended consequences which ensue prohibition and punitive law enforcement.

### **Crime and Mortality**

It is a common misconception that the majority of drug-related deaths are caused by over-dosing. However, in 1986, New York, over three quarters of drug related deaths were results of attacks/ murders (Hari, 2015). The genesis of these attacks remained this prohibition.

De Mello (2015) found that drug trafficking and crack cocaine have no impact on property crime, only homicides, and thus, drug-induced crime must be a product of the systematic violence induced by illegality itself. Prohibition manufactures the organized crime that is behind the violence. It is not repercussions of the necessity to maintain habitual drug use which causes the high drug-related mortality rates. Hari (2015) also believes that it is prohibition which creates a culture of terror. After Rothstein in the 1920s followed a chain of criminals and drug gang leaders, each more vicious because he was strong enough to kill the last. The system rewards violence with power. And accordingly, these criminals become the only beneficiaries of prohibition. However, with decriminalization, the profit motive is non-existent and the subculture dissipates.

The effects of decriminalization on death rates can be seen in Switzerland after the initiation of a harm-reduction policy in 1994. Drug related deaths were roughly 350-400 per annum in the early 1990s before the adoption of the new

anti-prohibition drug policy. This figure approximately halved to 150–200 per annum during the 2000s (Reuter and Schnoz, 2009). Before Switzerland's innovative policy, HIV rates were alarming. After a decade, the number of drug injectors with HIV had been reduced by over 50% (Nebehay, 2010). These positive results can also be seen in Portugal; before 2001 when it decriminalized all drugs, there was a soaring amount of drug-related AIDS deaths. Since 2001, drug-related HIV infections have reduced by 94%. There has also been a sharp decline in overdose deaths to 3 per million, relative to an alarming 185 per million in the U.S. (Miron, 2017).

Ribeaud (2004) found that the Swiss heroin prescription scheme has resulted in crime reduction due to the waning of acquisitive pressure on addicts. Attending the prescription centre multiple times daily stabilizes their routines, giving addicts purpose and psycho-social support. Vital bonds with society materialize and treated patients reintegrate into society. According to Hari (2015) an addict is formed when an individual experiences isolation and trauma. Bonds which should be derived from society and interaction, are replaced by the high or satisfaction gained from substance abuse.

### **Opportunity Costs**

The cost of foregone alternatives under prohibition are significant. The two deadliest recreational drugs on earth are licensed and regulated right now. Regressive sin taxes on alcohol and tobacco raise enormous amounts of revenue for states across the globe. In 2014, the U.S. government collected \$6.1 billion from excise taxes on alcohol, and a staggering \$6.9 billion in cigarette taxes (Amadeo, 2018). From 1920 to 1933 in the United States, there was a prohibition on alcohol production and sale. One of the motives behind this policy was to reduce the tax burden created by prisons and poorhouses. The noble experiment was, in fact, a failure, and Franklin Roosevelt actually legalized alcohol again in 1933 in search of new sources of tax revenue (Thornton, 1991).

If drugs were legalized and taxed, the tax revenue collected could be used for treatment programmes to counteract the small increase in drug use that could result from legalization. Roumasset (1996) found that in the case of cocaine in the U.S., only 10.8% of the tax revenue would be required for rehabilitative schemes, in order to hold cocaine use constant after legalization. According to Jacobi and Sovinski (2016) marijuana legalization and taxation alone would raise a minimum of \$77 million to \$220 million per annum for Australia. A 2005 report funded by the Marijuana Policy Project estimated that \$6 billion would be raised annually in the United States if marijuana were taxed similarly to alcohol

or tobacco. These are strong arguments in favour of legalization and there is more than just what's at face-value. The decrease in expenditure on expensive eradication and interdiction schemes would also generate a significant improvement in the government budget balance. However, there are also notable arguments for prohibition which should be reviewed.

### **The War on Drugs: a search for achievements**

The most valuable research in arguing an anti-prohibitionist case, is to analyse whether the War on Drugs achieved its main goal or not; to prevent the use of drugs. The Office of National Drug Control Policy (ONDCP) stated, in their 2003 Strategy, that illicit drug use among teenagers was at its lowest level since a decade (Robinson and Scherlen, 2014). Although, this is a positive outcome, the ONDCP are actually admitting failure as it is their first significant downturn and they have only begun to reduce drug use. The positive outcome is thus unrepresentative of the long-term trends. The ONDCP's claims of short-term and irregular positive changes are representative of all of the benefits of the war on drugs. Reagan's punitive sentencing laws for drug offenders, led to a colossal increase in incarceration rates. This outcome can also be seen as a short-term positive effect of the war because for the short period of time before a drug dealer is replaced, he is locked up in prison. Despite these minute achievements, the policy was a failure leaving the supply and consumption of drugs left unaffected.

Aside from domestic strategies, it is also important to review the effectiveness of foreign policies. The supply-sided eradication policies initiated under Plan Colombia were somewhat successful because cultivated coca decreased by 50%, from 160,000 hectares at the initiation of the scheme to 74,000 hectares 6 years later (Franz, 2016). However, the UNODC (2011) reported that cocaine production only increased by 5.3% due to the readjustment to a system of increased productivity per hectare. These results are indicative of the importance of not taking the effects of the drug war at face-value.

### **Concluding Convictions and Suggestions**

Statistical evidence is testimony to the failures of the war on drugs. The wealth of research conducted on the results of the war and the possible alternative strategies, supports the argument against prohibition. The enormous cost of ineffective supply-sided interdiction and eradication schemes by the U.S., lends to the attraction of more worthwhile rehabilitative and preventative policies. These policies have been proven to be more successful and a more valuable allocation of resources, in countries such as Sweden and Portugal. As discussed, the results

were lower crime and death rates as well as a reduction in the spread of HIV. Under these schemes, addicts are reintegrated into society. Before, they were a cost to the government, now, they join the labour force and become valuable assets and resources. All governments must enact policies to follow in the steps of countries such as Sweden and Portugal. Policies of legalization and regulation would result in a dramatic reduction in the size of the black market for drugs, which thrives off of prohibition. The reduction in organized crime would reduce the mortality rate, improving security, health and productivity of citizens. Drugs would be prescribed by doctors on the basis of necessity. Use would increase slightly but harms would reduce drastically. Unlike drug dealers, licensed retailers would have no incentive to sell to teenagers as they would lose their licence. The significant increase in disposable government revenue would be accompanied by hefty tax revenues to boost economic activity. The research has been done, the effectiveness proven, now it is time to officially end the war on drugs and all of its unintended consequences, and to implement a new and more effective strategy across the globe; legalization.

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